

DILLON COUNTY SCHOOL DISTRICT NO. 3
LATTA, SOUTH CAROLINA

EXECUTIVE SUMMARY

FISCAL YEAR ENDED JUNE 30, 2016

HARPER,
POSTON &
MOREE, P.A.
Certified Public Accountants



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DILLON COUNTY SCHOOL DISTRICT NO. 3
LATTA, SOUTH CAROLINA

EXECUTIVE SUMMARY

FISCAL YEAR ENDED JUNE 30, 2016

DILLON COUNTY SCHOOL DISTRICT NO. 3
EXECUTIVE SUMMARY
FISCAL YEAR ENDED JUNE 30, 2016

Dillon County School District No. 3 basic financial statements for the year ended June 30, 2016 are prepared in accordance with generally accepted accounting principles as applicable to governmental entities. Based upon our audit, we have concluded that the District's financial statements are fairly presented in conformity with these generally accepted accounting principles and have rendered an unmodified opinion on its basic financial statements.

We conducted our audit in accordance with generally accepted auditing standards; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing accounting principles used, and evaluating the overall financial statement presentation.

The financial presentation for the District meets the requirement of Governmental Accounting Standards Board (GASB) Statement No. 34 and related pronouncements. This financial statement presentation provides a comprehensive, entity-wide presentation of the District's net position, revenues, expenses, and changes in net position that replaces the fund perspective previously required.

Enclosed is selected financial information which is presented to provide a summary of the District's operations for the current fiscal year. This financial information reflects a summary of financial activity and encompasses significant transactions of the District.

**DILLON COUNTY SCHOOL DISTRICT NO. 3
STATEMENT OF NET POSITION**

The Statement of Net Position provides information on all of the District's assets and liabilities, at a government-wide level, with the difference between the two reported as net position.

The District's assets consist primarily of cash and investments; amounts receivable from other governments; and capital assets. Liabilities mainly represent accounts payable, unearned grant revenues, outstanding debt, and net pension liability. Net position, within accounting usage, is the difference between total assets and total liabilities. Theoretically, it represents the amount of cash left on hand in an entity if all assets were liquidated and converted to cash and all liabilities were paid in full.

Total assets, liabilities, and net position as of June 30, 2016 are as follows:

ASSETS, LIABILITIES, AND NET POSITION

		2016
Assets		
Cash and Investments	\$	1,878,850
Receivables		1,420,772
Capital Assets, Net of Depreciation		5,129,492
Food Inventories		6,876
Total Assets	\$	8,435,990
Liabilities		
Accounts Payable and Other Liabilities	\$	179,232
Accrued Payroll Liabilities		70,631
Unearned Grant Revenues		322,715
Compensated Absences Payable		105,376
Bonds and Capital Leases Payable		893,998
Debt Guarantee for Latta Schools Educational Foundation, Inc.		1,124,867
Net Pension Liability		13,606,254
Total Liabilities	\$	16,303,073
Net Position		
Net Investment in Capital Assets	\$	4,863,861
Unrestricted - Governmental Activities		(13,062,590)
Unrestricted - Food Service		331,646
Total Net Position	\$	(7,867,083)

**DILLON COUNTY SCHOOL DISTRICT NO. 3
STATEMENT OF ACTIVITIES**

The Statement of Activities provides information on the change in the District's net position during the current fiscal year. Revenues, expenditures, and expenses, where appropriate, are categorized into general revenues, program revenues, and direct expenses.

The total change in net position for the year ended June 30, 2016 is as follows:

REVENUES, EXPENSES, AND CHANGE IN NET POSITION

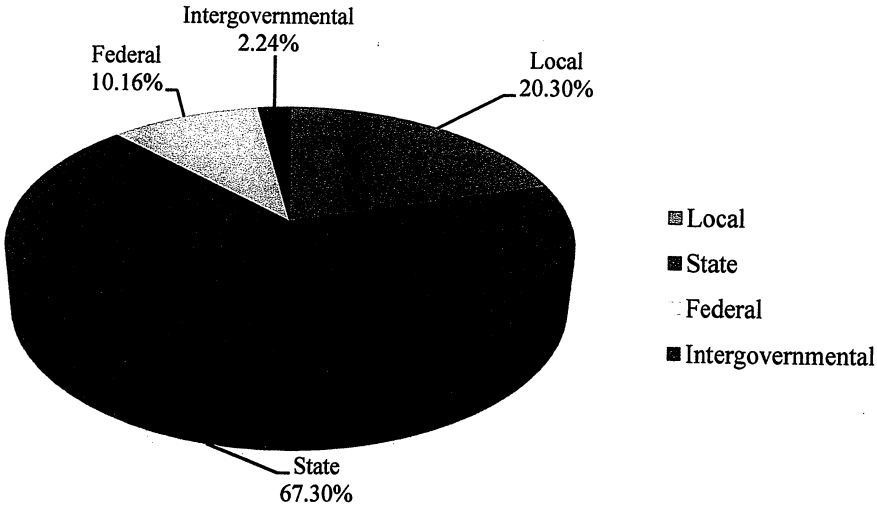
	2016
General Revenues	
Property Taxes	\$ 2,123,897
Unrestricted State Aid	868,824
Interest	1,442
Miscellaneous	12,707
Total General Revenues	\$ 3,006,870
Program Revenues	
Charges for Services	\$ 378,921
Operating Grants and Contributions	9,794,932
Capital Grants and Contributions	223,159
Total Program Revenues	\$ 10,397,012
Expenses	
Governmental Activities	\$ 12,935,340
Food Service	861,630
Total Expenses	\$ 13,796,970
Extraordinary Items	
Debt Guarantee for Latta Schools Educational Foundation, Inc.	\$ (1,319,152)
Net Extraordinary Items	\$ (1,319,152)
Change in Net Position	\$ (1,712,240)
Net Position - Beginning of Year	(6,154,843)
Net Position - End of Year	\$ (7,867,083)

**DILLON COUNTY SCHOOL DISTRICT NO. 3
GOVERNMENTAL FUND TYPE REVENUES**

The District segregates transactions related to certain functions or activities into separate funds in order to aid financial management and demonstrate legal compliance. Governmental fund types focus on near-term inflows and outflows of spendable resources. The District utilizes five governmental funds, one of which is the District's General Fund. Total revenues for the combined governmental fund types are presented below:

REVENUES

	<u>2016</u>	
Local	\$	2,508,584
State		8,317,282
Federal		1,255,524
Intergovernmental		<u>276,730</u>
Total Governmental Funds Revenues	\$	<u><u>12,358,120</u></u>



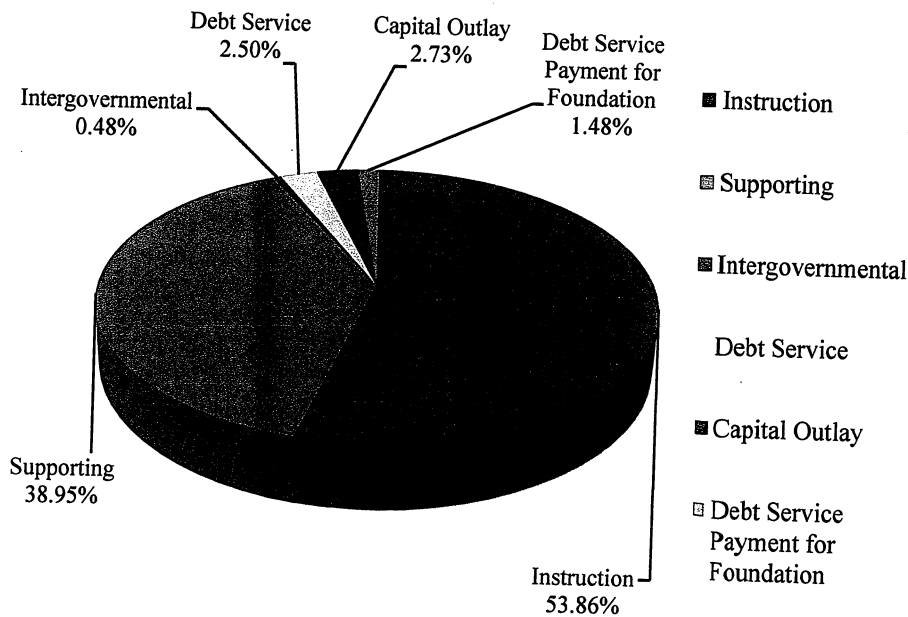
DILLON COUNTY SCHOOL DISTRICT NO. 3 GOVERNMENTAL FUND TYPE EXPENDITURES

The District maintains the following governmental fund types: General Fund, Special Revenue Funds, Debt Service Fund and Capital Projects Fund. Special Revenue Funds are further segregated into the following two funds: 1) Special Projects Fund, and 2) Education Improvement Act Fund.

The General Fund is the general operating fund of the District and is used to account for all operating expenditures that are not required to be paid or financed by another fund. Special Revenue Funds account for proceeds of specific revenue sources that are legally restricted to expenditures for specified purposes. Total departmental expenditures of the combined governmental fund types are presented below:

EXPENDITURES

	2016
Instruction	\$ 7,058,580
Supporting Services	5,104,168
Intergovernmental	62,801
Debt Service	327,479
Capital Outlay	357,970
Debt Service Payment for Latta Schools Educational Foundation, Inc.	194,285
Total Governmental Funds Expenditures	\$ 13,105,283



**DILLON COUNTY SCHOOL DISTRICT NO. 3
PROPRIETARY FUNDS**

The Proprietary Fund, or Food Service Fund, accounts for operations of the District's breakfast and lunch programs which provide balanced nutritional meals to the District's students, some of which are free and reduced meals funded by the United States Department of Agriculture. The intent is that the costs of providing goods or services are recovered through sales or reimbursements to external users. Following is an analysis of operations for the year ended June 30, 2016:

PROPRIETARY FUND OPERATIONS

		<u>2016</u>
Revenues and Other Items		
Sale of Meals	\$	84,612
USDA		796,484
Other Miscellaneous Revenues		<u>8,011</u>
Total Revenues and Other Items	\$	<u>889,107</u>
 Expenses and Other Items		
Food Costs	\$	396,170
Salaries and Benefits		303,749
Other Operating Expenses		141,173
Depreciation		18,664
Payments to State Department of Education		1,874
Transfers to General Fund		<u>50,207</u>
Total Expenses and Other Items	\$	<u>911,837</u>
Net Income (Loss)	\$	<u><u>(22,730)</u></u>